

TWO SHADES  F GREEN

# STATE OF SOLAR FINANCING

Presented by:



# 3 KEY POINTS

1. All projects are unique
2. Creativity is necessary due to capital constraints
3. To be cost-effective, projects need to be large in scope and timely



# PROJECTS ARE UNIQUE



SITE LOCATION



UTILITY SERVICE  
TERRITORY

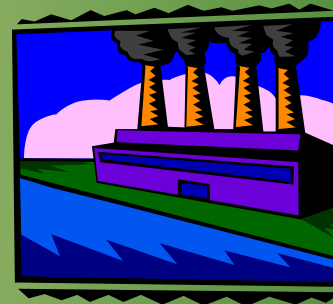


TYPE OF  
CUSTOMER

- NON PROFIT
- PROFIT



Customer  
Needs → E<sub>2</sub>



Environmental  
Attributes SREC's  
(CO<sub>2</sub>, NO<sub>2</sub>, SO<sub>2</sub>)

# CREATIVITY IS NECESSARY

Engage a variety of different funding sources:



- Banks
- Tax Equity Partners
- Government Loan Guarantees and Bond
- Grants (USDA, Treasury, DOE)



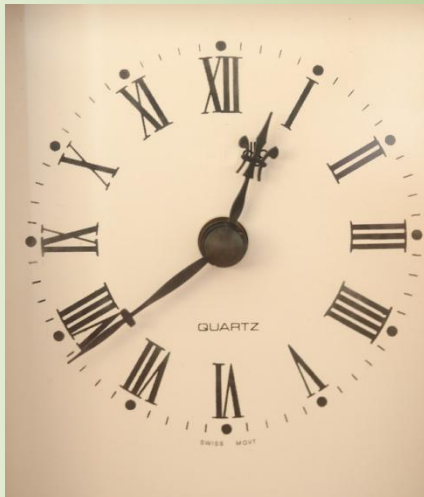
\*Financial Complexity made Simple\*





# GO BIG!

- Drives down cost
- Entices larger investors (Shows larger return)
- Leads to Return of Investment of 22%
- Benefit of Aggregating Solar Products



# BE TIMELY!

- Incentives are time sensitive and equity investor wants 100% depreciation this year
- Prices are low on solar panels

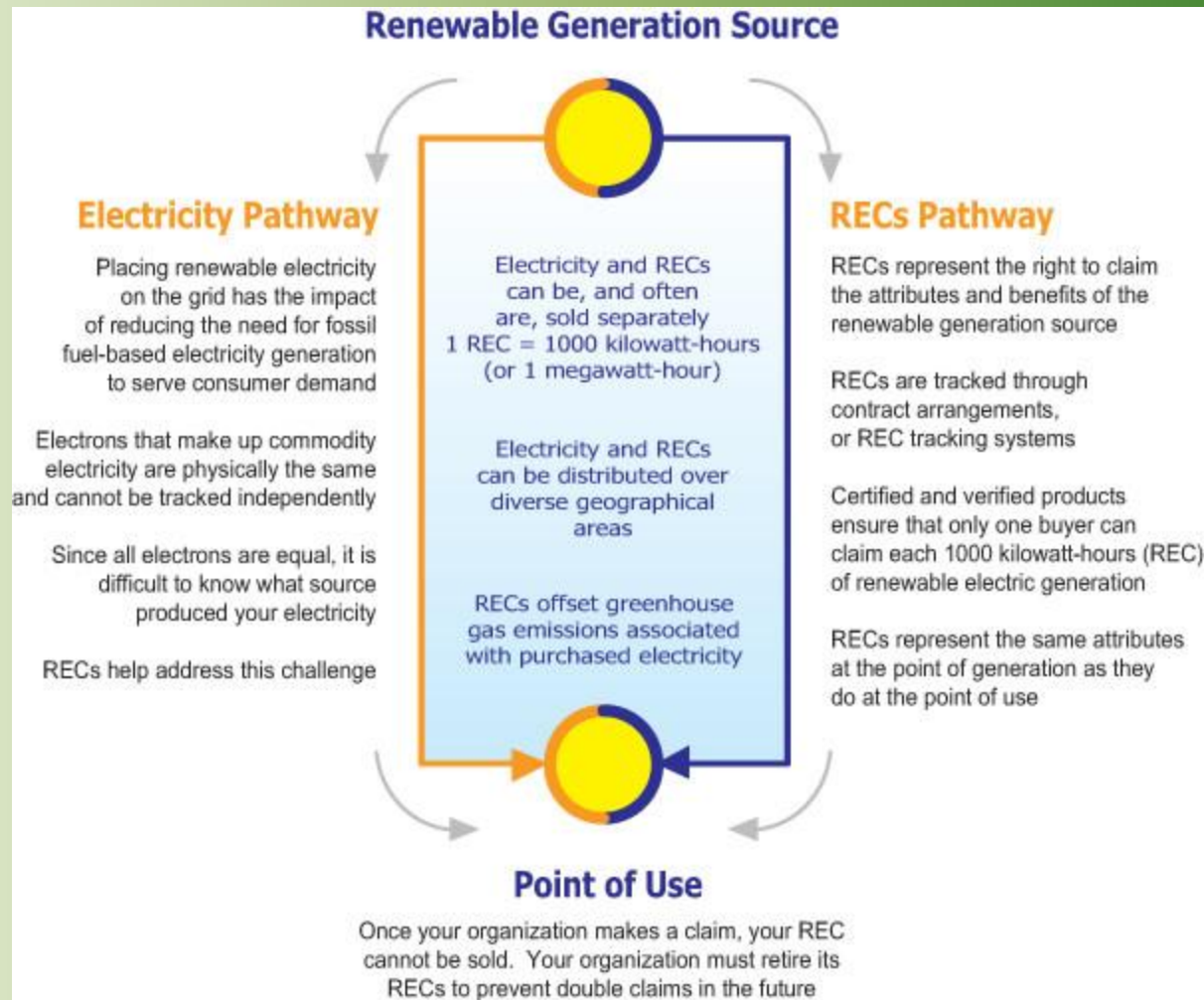


# PROCESS TO FOLLOW

1. Price system components
2. Check utility company renewable policies
3. Search applicable incentives  
(<http://www.dsireusa.org>)
4. SREC Market (high-risk, high reward) v  
Feed-in-Tariff (stable return)
5. Engage range of potential investors based  
on project particulars



# Two products are created with generation of electricity: Electrical Power and a Renewable Energy Certificate (REC)



# Utility Companies Have Power Purchase Plans



## RATE REP PURCHASE RATES:

The rate the Company will pay each Customer for energy and capacity purchased from their Facility will be established in advance by written contract with the Company as filed and approved by the Commission and will be based on the RATE REP PURCHASE RATES. the RATE REP PURCHASE RATES may be adjusted by the Company as circumstances warrant through the IURC's 30-day administrative filing process. Unless otherwise agreed, the RATE REP PURCHASE RATES shall be:

- (a) Solar
  - a. Capacity None
  - b. Energy
    - (a) For Facilities generating 20 kW to 100 kW: 24.0¢ per KWH
    - (b) For Facilities generating more than 100 kW: 20.0¢ per KWH
- (b) Wind
  - a. Capacity None
  - b. Energy
    - (a) For Facilities generating 50 kW to 100 kW: 14.0¢ per KWH
    - (b) For Facilities generating 100 kW to 1 MW: 10.5¢ per KWH
    - (c) For Facilities generating more than 1 MW: 7.5¢ per KWH
- (c) Biomass
  - a. Capacity \$6.18 per KW per month
  - b. Energy 8.5¢ per KWH





# Finance Matrix



## \$0-\$2 Million

- Local Banks
- Product Supplier
- Competitors

## \$2 Million-\$5 Million

- National Banks
- Tax Equity Partners
- High Wealth Individuals
- Product Supplier

## \$5 Million-\$100 Million

- National Banks with Solar Focus
- Utility Companies
- Foreign Money



# Local Banks Favor this Model



|                         |           |
|-------------------------|-----------|
| Solar Plant Direct Cost | \$50,000  |
| Federal Grant           | \$15,000  |
| Loan Amount             | \$35,000  |
| 10 year Loan 5%         | \$4438/yr |
| Feed-In-Tariff revenue  | \$5325/yr |

\*Factor 1.2 minimum revenue over costs



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## Thank you!

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